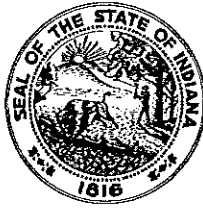



STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: All Taxing Units

FROM: Dan Jones, Assistant Budget Director 

RE: Additional Appropriation and Transfer Procedures (IC 6-1.1-18-5; IC 6-1.1-18-6)

DATE: July 10, 2013

IMPORTANT NOTICE (REVISED)

Under IC 5-11-1-4, the Department of Local Government Finance ("Department") may approve the annual budgets or additional appropriation requests for a political subdivision ("unit") only if it has electronically filed with the State Board of Accounts ("SBOA") the Annual Financial Report. Also, the Annual Personnel Report (100R) according to IC 5-11-1-4 and IC 5-11-13-1 of political subdivisions are now required to be filed electronically as prescribed by the State Examiner. The Annual Personnel Report must now indicate whether the unit offers a health plan, a pension, and other benefits to full-time and part-time employees. According to IC 5-11-13-1.1, cities, towns, counties, and townships must implement an anti-nepotism policy and submit with the Annual Personnel Report a statement by the executive certifying that such a policy has been implemented before the Department can certify a budget or an additional appropriation for the unit.

Effective July 1, 2012, the Department, in compliance with IC 5-1-18-7 and 8, may not approve an appropriation or a property tax levy associated with a debt (including a lease) if a debt issuance report has not been submitted to the Department, unless the Department has granted a waiver for good cause.

ADDITIONAL APPROPRIATIONS

The additional appropriation process is used to appropriate money in excess of the Department's certified appropriations for a unit for the current budget year. Although the fiscal body of a unit must act on all additional appropriations, approval by the Department is only required for funds that receive revenue from property taxes levied under IC 6-1.1 or the Motor Vehicle Highway ("MVH") Fund (IC 8-14-1-1), Local Road and Street ("LRS") Fund (IC 8-14-2-4), Rainy Day Fund (IC 36-1-8-5.1), or the Library Improvement Reserve Fund ("LIRF") (IC 36-12-3).

Other additional appropriations must only be reported ("reporting-only funds") to the Department. Since the Department must acknowledge reporting-only funds, submission of the unit's financial information is necessary to ensure that adequate funds are available to support the additional appropriation request. Therefore, the Department will require a Certified Copy of Additional Appropriation to be completed for all reporting-only funds. Additional appropriations from the proceeds of bonds and loans are reporting-only funds and do not require Department approval unless the proceeds are deposited in a fund receiving property tax or state distributions. Additional appropriations meeting the requirements of IC 8-16-3-3(c) (Cumulative Bridge Fund) also are reporting-only funds and do not require Department

approval. The Department will acknowledge the receipt of information for reporting-only funds. The Department relies heavily on individual fiscal officers to provide accurate information. The Department will approve additional appropriation requests only after tax rates have been certified for the county for the current year.

SBOA recommends appropriating all grants. If grant monies are receipted into a previously established fund requiring appropriation, the unit must follow the additional appropriation procedures for that fund as outlined herein. If the grant monies are provided by the state or federal government as a reimbursement of an expense made by the unit (IC 6-1.1-18-7.5), the grant monies do not need to be appropriated or reported to the Department by the taxing unit in order to make expenditures. Grant monies must be expended in accordance with the grant budget.

PROCEDURES

The following steps must be followed to obtain an additional appropriation that was not included in the certified annual budget and certified appropriations of the unit as reflected on Line 1 of the final version of the unit's Fund Report. Indiana Code 6-1.1-18-6 does not apply to units with departmentalized budgets seeking to transfer appropriations from one department to another. Those units should follow the additional appropriation procedures and appropriation reduction procedures for such transfers.

STEP 1

The proper officers of a unit must give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall include each fund name and number, a categorical breakdown of the proposed additional appropriation for each fund, and the total of the proposed additional appropriation for each fund. The notice shall be published one time in two newspapers published in the unit (if only one newspaper is published in the unit, publication in that paper is sufficient) not less than ten days before the public hearing on the proposal, in accordance with IC 5-3-1-2(b). (A sample notice is appended to this memorandum.)

STEP 2

The proper officers of the unit shall hold the public hearing on the proposal as advertised. At the public hearing, action shall be taken to approve, modify, or disapprove the proposed additional appropriation as advertised. If the unit's fiscal body tables the request until the following meeting, the additional appropriation does not have to be re-advertised provided the tabling of the request is stated publicly and included in the minutes of the correctly advertised meeting. The fiscal body shall not adopt appropriations exceeding the amount advertised. (Samples of resolutions/ordinances are appended to this memorandum.)

NOTE: Any additional appropriations by a unit whose annual tax levy must be adopted by a city, town, or county fiscal body under IC 6-1.1-17-20 or by a legislative or fiscal body under IC 36-3-6-9 must be adopted by the same fiscal or legislative body by ordinance before the Department may approve the additional appropriation.

Libraries subject only to non-binding review but whose additional appropriations would increase their budgets by a percentage greater than the assessed value growth quotient must have their **additional appropriations approved by the city, town, or county fiscal body described in IC 6-1.1-17-20.3(c).**

STEP 3

After the public hearing, the proper officers of the unit must complete and file with the Department a Certified Copy of Additional Appropriation ("Certified Copy") and any other relevant information, including the unit's financial information. The requested amount of additional appropriation shown on the Certified Copy must not exceed the advertised amount or the fiscal body's adopted amount, if applicable. (A sample of the Certified Copy is appended to this memorandum.) Units must use the format of the appended Certified Copy sample.

If the miscellaneous revenue amount entered on Line 4 of the Certified Copy exceeds what was determined on Line 8B of the Fund Report, a revised Form 2 (Estimate of Miscellaneous Revenue) must be attached to the Certified Copy supporting the documented increase. When a unit is reporting a tax distribution received in the current year that is for taxes due in the previous year, this amount should be added to the miscellaneous revenue amount on the Certified Copy. The unit must submit a revised Budget Form 2 along with the Certified Copy showing the revenue as the previous year's taxes received in the current year. Entries should be made in whole dollars and cents should not be included. The revised Form 2 must show the new total amount of Miscellaneous Revenues in Column B—the amount previously reported—plus any additional amount available to be appropriated. If no revised Form 2 is received, the unit's request will be processed using the miscellaneous revenue amount on Line 8B of the current year's Fund Report. If revenue is available from carry-over cash that is not encumbered from the previous year or the current budget, supporting evidence is not necessary.

The unit must, if the information is available, document on the Certified Copy the amount of revenue it will lose due to circuit breakers. The Department will take this figure into consideration so as not to approve appropriations for which the unit will not have adequate funding.

When a unit is requesting an additional appropriation for a Bus Replacement Fund, debt fund, or Capital Projects Fund ("CPF"), a brief explanation of the purpose of the request and the accounts affected will facilitate the processing of the request. In some cases, amendments or emergency amendments to CPF plans and bus replacement plans may be required. Units should consult the appropriate memoranda and statutes for more information.

Incomplete documentation may result in the denial of the request or the Department may return the Certified Copy to the unit.

STEP 4

When the Department receives a Certified Copy for a proposed additional appropriation that requires its approval, the Department will determine whether sufficient funds are available during the calendar year for the proposal and whether the proper procedures have been followed before issuing a written determination within 15 days of receipt of the proposal. All requests for additional appropriations must be submitted to the Department on or before December 15. The Department will limit the amount of the additional appropriation to the amount of funds available or to be made available and that have not been

previously appropriated. Additional appropriation requests will be accepted through December 31 for reporting-only funds.

STEP 5

A unit may request reconsideration of the Department's denial or modification of a proposal by filing a written request with the Department within 15 days of receipt of the determination. The Department must act upon a request for reconsideration within 15 days of receipt. A request for reconsideration must state with reasonable specificity the reason for the request for reconsideration.

SUBMITTAL

Submit the Certified Copy, financial information, revised Form 2s, if applicable, and any other relevant information to:

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
ATTN: BUDGET DIVISION—ADDITIONAL APPROPRIATIONS
IGCN ROOM N1058 / 100 N. SENATE AVE.
INDIANAPOLIS, IN 46204
or fax to: (317) 974-1629

TRANSFER OF APPROPRIATIONS

Indiana Code 6-1.1-18-6 provides that:

The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:

- (1) they determine that the transfer is necessary;
- (2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under IC 6-1.1; and
- (3) the transfer is made at a regular public meeting and by proper ordinance or resolution.

A transfer may be made under IC 6-1.1-18-6 without notice and without the approval of the Department.

(Note: It is not necessary to file documentation with the Department on transfers from one major budget classification to another within a department.)

TRANSFER OF FUNDS TO AND FROM THE RAINY DAY FUND

Under IC 36-1-8-5.1, a county, city, or town may at any time, by ordinance or resolution, transfer to its General Fund or any other appropriated funds money that has been deposited in its Rainy Day Fund.

Likewise, under IC 6-3.5-7-12.7, a county, city, or town may at any time, by ordinance or resolution, transfer to its General Fund or any other appropriated funds money that has been deposited in the Economic Development Income Tax Fund ("EDIT") established by the county, city, or town under section IC 6-3.5-7-13.1.

Prior to July 1, 2013, transfers to the Rainy Day Fund are limited by IC 36-1-8-5.1(d) not to exceed 10% of the unit's annual budget. This limitation does not apply to any amounts units are instructed to deposit into the Rainy Day Fund, such as an excess income tax distribution. After July 1, 2013, a taxing unit can transfer unused and unencumbered funds from its general fund or other property tax levy funds (excluding debt service funds) to the rainy day fund. In addition, **other unobligated cash balances from any fiscal year** (excluding debt service funds) may also be transferred to the rainy day fund pursuant to an ordinance or resolution that authorizes and identifies the amount, which cannot exceed 10% of the taxing unit's total annual budget for that fiscal year.

The Rainy Day Fund is subject to the same appropriation process as other funds that receive tax money. Before making an appropriation from the Rainy Day Fund, the fiscal body shall make a finding that the proposed use of the Rainy Day Fund is consistent with the expressed intent of the fund.

The Department may not reduce the actual or maximum permissible levy of a unit as a result of a balance in the Rainy Day Fund of the unit.

Transfers to the Rainy Day Fund must be reported to the Department. Units must submit to the Department the resolution/ordinance from the fiscal body approving the transfer. The resolution/ordinance must include the name of each fund and the amount being transferred out of each fund to the Rainy Day Fund. Resolutions/ordinances establishing the Rainy Day Fund must also be submitted to the Department.

REDUCTIONS

PLEASE NOTE: Reductions should be handled in the same manner as additional appropriations. (A sample resolution/ordinance is appended to this memorandum.)

CONTACT INFORMATION

Questions should be directed to Dan Jones, Assistant Budget Director, at (317) 232-0651 or djones@dlgf.in.gov.

Guide to Completing the Certified Copy of Additional Appropriation Form

*****IMPORTANT NOTE *****

Additional Appropriations needing Department approval will not be accepted after December 15 of any year. Units may submit reporting-only fund appropriations until December 31 of any year.

Fund number: This should come from your Fund Report (e.g., 0101 General, 0180 Debt Service, 1312 Park and Recreation, 0706 MVH, 0708 Local Road and Street, and 2391 Cumulative Capital Development.)

Fund name: Refer to the summary section on your Fund Report for the appropriate fund names. Many reporting-only funds will not be listed on your Fund Report.

Appropriation request: This amount should be less than or equal to what was advertised and adopted by the fiscal body, if applicable, in whole numbers. (Do not include cents.)

Amount by reduction: If the taxing unit is reducing a line item within a particular fund, it is considered a reduction. The amount reduced should be less than or equal to what was advertised and adopted by the fiscal body, if applicable, in whole numbers. (Do not include cents.)

Net amount of increase: This is the appropriation request minus the amount by reduction.

Property tax levy: This reflects line 16 from the Fund Report provided by the Department with the 1782 Notice (or the certified levy amount reflected on the Budget Order).

Levy excess applied: This reflects line 15 of the Fund Report provided by the Department with the 1782 Notice.

PTRC from CAGIT: This reflects line 13A of the Fund Report provided by the Department with the 1782 Notice. If you are a CAGIT county, this line may have an amount placed on it.

LOIT levy freeze amount: This reflects line 13B of the Fund Report provided by the Department with the 1782 Notice. If you are a LOIT levy freeze county, this line may have an amount placed on it.

Miscellaneous revenue estimate: This is line 8B on the Fund Report provided by the Department with the 1782 Notice. If miscellaneous revenue on the Certified Copy exceeds what was determined on Line 8B of the Fund Report, a revised Form 2 (Estimate of Miscellaneous Revenue) must be attached to the Certified Copy supporting the documented increase. The revised Form 2 must show the new total amount of Miscellaneous Revenues in Column B—the amount previously reported—plus any additional amount available to be appropriated. If no revised Form 2 is received, your request will be processed using the miscellaneous revenue amount on Line 8B of the Fund Report.

January 1 cash balance: This is the cash and investment balance in the appropriate fund as of January 1 of the current year. This figure is taken from the fiscal officer's ledger book. **Do not include investments attributed to other funds.**

Subtotal of funds available: Simply add lines 1 through 6 on the worksheet. This represents total funds

available before any appropriations are deducted for this fund.

Less circuit breaker: This figure represents the amount of revenue the unit will lose due to property tax caps. The Department will take this figure into account so as not to approve an additional appropriation for which the unit will not have adequate funding.

Total funds available: Simply subtract line 8 from line 7.

Original budget: This is line 1 of the Fund Report provided by the Department with the 1782 Notice. This is also the certified budget amount on the final budget order.

Encumbered appropriations: This amount would be any prior year carryovers for a particular fund. An example: \$5,000 in capital outlays are obligated through a purchase order or contract for office equipment but the check will not be written until after January 1. The original appropriation was in place the prior year but the funds were not spent.

Temporary loans outstanding as of January 1: Outstanding temporary loans and prior year levy excess amounts (amounts that need to be transferred to a levy excess fund) need to be reflected in the surplus funds. Any temporary loans added after January 1 should NOT be added to this total.

Beginning obligations: Simply add lines 10, 11, and 12. This represents the amount of funds already committed for this fund.

Surplus funds: This represents line 9 of this worksheet minus line 13. These are the funds available before the approval of any additional appropriations during the current calendar year.

Previous additional appropriation(s) approved since January 1: This represents any previous additional appropriations made in excess of the budget during the current calendar year. It does not include the current year budget or this additional appropriation request.

Amount transferred to the Rainy Day Fund: This represents the amount of funds transferred to the Rainy Day Fund in the current budget year

Surplus funds remaining: This represents the total amount of uncommitted funds available for appropriation. If the amount on this line exceeds the amount requested, it is likely the additional appropriation will be approved if the proper procedures have been followed. The appropriation approved will be limited to the amount on this line. Requests for amounts exceeding this line will be denied.

Note: These samples assume that the governing body of the taxing unit seeking the additional appropriation or reduction is responsible for the approval of the additional appropriation or reduction. If a unit is subject to binding adoption by a separate fiscal body, the following resolution/ordinance and notice samples should be modified to reflect the proper fiscal body taking action.

**SAMPLE
ADDITIONAL APPROPRIATION RESOLUTION/ORDINANCE**

Whereas, it has been determined that it is now necessary to appropriate more money than was originally appropriated in the annual budget; now, therefore:

Sec. 1. Be it ordained (resolved) by the _____
(Governing Body)
of _____, _____ County, that for the expenses of the
(Taxing Unit) (County)
taxing unit the following additional sums of money are hereby appropriated out of the funds
named and for the purposes specified, subject to laws governing the same:

Fund Name: _____	AMOUNT REQUESTED	AMOUNT APPROVED BY FISCAL BODY
Major Budget Classification:		
Personal Services	\$ _____	\$ _____
Supplies	\$ _____	\$ _____
Other Services & Charges	\$ _____	\$ _____
Township Assistance	\$ _____	\$ _____
Debt Service	\$ _____	\$ _____
Capital Outlays	\$ _____	\$ _____
TOTAL for _____ Fund:	\$ _____	\$ _____

(Repeat for any other funds.)

Adopted this _____ day of _____, 20____.

NAY	AYE
_____	_____
_____	_____
_____	_____
_____	_____

ATTEST:

Secretary of Governing Body

Note: These samples assume that the governing body of the taxing unit seeking the additional appropriation or reduction is responsible for the approval of the additional appropriation or reduction. If a unit is subject to binding adoption by a separate fiscal body, the following resolution/ordinance and notice samples should be modified to reflect the proper fiscal body taking action.

Note: This resolution is only to be used when appropriations are being reduced and you are showing an amount on line D of the Certified Copy.

SAMPLE APPROPRIATION REDUCTION RESOLUTION/ORDINANCE

Whereas, it has been shown that certain existing appropriations now have unobligated balances that will not be needed for the purposes for which appropriated; now, therefore:

Sec. 1. Be it ordained (resolved) by the _____
(Governing Body)
 of _____, _____ County, that the following
(Taxing Unit) (County)
 existing appropriations be reduced in the following amounts:

Fund Name: _____	AMOUNT OF REDUCTION REQUESTED	AMOUNT OF REDUCTION APPROVED BY FISCAL BODY
Major Budget Classification:		
Personal Services	\$ _____	\$ _____
Supplies	\$ _____	\$ _____
Other Services & Charges	\$ _____	\$ _____
Township Assistance	\$ _____	\$ _____
Debt Service	\$ _____	\$ _____
Capital Outlays	\$ _____	\$ _____
 TOTAL for _____ Fund:	 \$ _____	 \$ _____

(Repeat for any other funds.)

 Adopted this _____ day of _____, 20____.

NAY

AYE

ATTEST:

 Secretary of Governing Body

Note: These samples assume that the governing body of the taxing unit seeking the additional appropriation or reduction is responsible for the approval of the additional appropriation or reduction. If a unit is subject to binding adoption by a separate fiscal body, the following resolution/ordinance and notice samples should be modified to reflect the proper fiscal body taking action.

SAMPLE
ADDITIONAL APPROPRIATION & REDUCTION RESOLUTION/ORDINANCE

Whereas, it has been determined that it is now necessary to appropriate more money than was originally appropriated in the annual budget; now, therefore:

Sec. 1. Be it ordained (resolved) by the _____ of _____, _____
(Governing Body) (Taxing Unit)
_____ County, that for the expenses of the taxing unit, the following additional sums of money are hereby
(County)
appropriated out of the funds named and for the purposes specified, subject to laws governing the same:

Fund Name: _____		AMOUNT REQUESTED	AMOUNT APPROVED BY FISCAL BODY
Major Budget Classification:			
Personal Services		\$ _____	\$ _____
Supplies		\$ _____	\$ _____
Other Services & Charges		\$ _____	\$ _____
Township Assistance		\$ _____	\$ _____
Debt Service		\$ _____	\$ _____
Capital Outlays		\$ _____	\$ _____
TOTAL for	Fund: _____	\$ _____	\$ _____

Sec. 2. Whereas, it has been shown that certain existing appropriations now have unobligated balances that will not be needed for the purposes for which appropriated, it is further ordained (resolved) that the following existing appropriations be reduced in the following amounts:

Fund Name: _____	AMOUNT OF REDUCTION REQUESTED	AMOUNT OF REDUCTION APPROVED BY FISCAL BODY
Major Budget Classification:		
Personal Services	\$ _____	\$ _____
Supplies	\$ _____	\$ _____
Other Services & Charges	\$ _____	\$ _____
Township Assistance	\$ _____	\$ _____
Debt Service	\$ _____	\$ _____
Capital Outlays	\$ _____	\$ _____
TOTAL for Fund: _____	\$ _____	\$ _____

(Repeat for any other funds.)

Adopted this _____ day of _____, 20____.

NAY

AYE

ATTEST:

Secretary of Governing Body

Note: These samples assume that the governing body of the taxing unit seeking the additional appropriation or reduction is responsible for the approval of the additional appropriation or reduction. If a unit is subject to binding adoption by a separate fiscal body, the following resolution/ordinance and notice samples should be modified to reflect the proper fiscal body taking action.

**SAMPLE
NOTICE TO TAXPAYERS OF ADDITIONAL APPROPRIATIONS**

Notice is hereby given to the taxpayers of _____, _____ County,
(Name of Taxing Unit) (County)
Indiana, that the proper legal officers will consider the following additional appropriations in excess of
the budget for the current year at their regular meeting place at _____, at
(Location)
____ o'clock ____ m., on the ____ day of _____, 20 ____.

Fund Name: _____	AMOUNT
Major Budget Classification:	
Personal Services	\$ _____
Supplies	\$ _____
Other Services & Charges	\$ _____
Township Assistance	\$ _____
Debt Service	\$ _____
Capital Outlays	\$ _____

TOTAL for _____ Fund: \$ _____
(Repeat for any other funds.)

Taxpayers appearing at the meeting shall have a right to be heard. The additional appropriations as finally made will be referred to the Department of Local Government Finance (Department). The Department will make a written determination as to the sufficiency of funds to support the appropriations within fifteen (15) days of receipt of a Certified Copy of the action taken.

Dated _____
(Fiscal Officer)

Do not publish the following Instructional Note.

Appropriations to be reduced should be named in the published notice, set out separately, and not co-mingled with the additional appropriations being requested. The resolution/ordinance adopted by the governing body must separately list each appropriation by fund and classification.

CERTIFIED COPY OF ADDITIONAL APPROPRIATION

UNIT NAME: _____

COUNTY NAME: _____

Date of Publication _____ Newspaper _____

Date of Publication _____ Newspaper _____

Date of Public Hearing _____

Date of Resolution/Ordinance _____

County # _____

Unit # _____

Date Received:

Order Number:

Complete for each fund from which the additional appropriations are made. Use a separate column for each fund. Lines referred to below are on the Fund Report issued by the Department.

A. Department Fund Number				
B. Fund Name				
C. Appropriation Amount Requested				
D. Amount by Reduction				
E. Net Amount of Increase (C minus D)				
1. Property Tax Levy (Line 16)				
2. Levy Excess (Line 15)				
3. PTRC from CAGIT (Line 13A)				
4. LOIT Levy Freeze Amount (Line 13B)				
5. Misc. Revenue (Line 8B) (If higher than 8B amount, a revised Budget Form 2 must be attached.)				
6. January 1 Cash Balance (include investments)				
7. Subtotal of Funds (Add 1 thru 6)				
8. Less Circuit Breaker				
9. Total Funds (7 minus 8)				
10. Department Approved Budget (Line 1)				
11. Encumbered Appropriations				
12. Temporary Loans Outstanding as of January 1				
13. Beginning Obligations (Add 10 thru 12.)				
14. Surplus Funds (9 minus 13)				
15. Previous additional appropriation(s) approved since January 1, less any reductions in appropriations.				
16. Amount transferred to the Rainy Day Fund				
17. Surplus Funds Remaining (14 minus 15 minus 16)				

I, _____, fiscal officer of _____, do hereby certify that the above information is true and correct.

Dated this ____ day of _____, 20__.

(Signature)

(Title)

(Unit Address)

(Telephone Number)

(City/Town/Zip Code)

(E-mail Address)